

John J. Pringle, Jr.
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June 26, 2003

VIA HAND DELIVERY

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211



RECEIVED
2003 JUN 26 AM 11:46
SC PUBLIC SERVICE
COMMISSION

RE: Delta Phones, Inc., Complainant vs. BellSouth Telecommunications, Inc.,
Respondent
*Interconnection Agreement Negotiated by BellSouth Telecommunications,
Inc. and Delta Phones, Inc., Pursuant to Sections 251, 252, and 271 of the
Telecommunications Act of 1996*
Our File No. 597-10089

Dear Mr. Walsh:

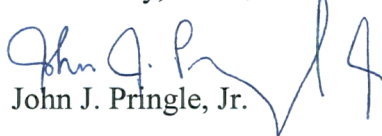
Enclosed is the original and ten (10) copies of the **Complaint** filed on behalf of Delta
Phones, Inc. in the above referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this
letter enclosed, and returning it in via the bearer of these documents.

If you have any questions or need additional information, please do not hesitate to
contact me.

With kind regards, I am

Yours truly,


John J. Pringle, Jr.

JJP/cr, enclosure

cc: Mr. Robert K. Lock (via first-class mail service)
Patrick Turner, Esquire (via first-class mail service)

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Legal 6/27/03 JYB

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DELTA PHONES, INC.

Complainant.

v.

**BELLSOUTH TELECOMMUNICATIONS,
INC.**

Respondent.

**IN RE: Interconnection Agreement negotiated by BellSouth
Telecommunications, Inc. and Delta Phones, Inc., Pursuant to
Sections 251, 252 and 271 of the Telecommunications Act of 1996**

S. C. PUBLIC SERVICE COMMISSION
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UTILITIES DEPARTMENT

DOCKET NO. 2003-202-C

2003 JUN 26 AM 11:47
S.C. PUBLIC SERVICE
COMMISSION

RECEIVED

COMPLAINT

Delta Phones, Inc. ("DPI"), a Louisiana corporation, pursuant to S.C. Code Annotated Section 58-9-1080, Rules 103-616 and 103-835 of the rules of the South Carolina Public Service Commission ("Commission"), the Federal Telecommunications Act of 1996 ("the Act"), and the Interconnection Agreement ("IA" or Agreement") executed between DPI and BellSouth Telecommunications ("BellSouth"), files this Complaint against BellSouth and avers the following:

PARTIES

1. Complainant, Delta Phones, Inc. ("DPI") is a Louisiana corporation, with its principal place of business in Delhi, Louisiana. DPI is a competitive local exchange carrier ("CLEC"), as that term is defined in the Act, and operates in South Carolina under a Certificate of Public Convenience and Necessity issued by this Commission on August 21st 2001, in Docket No. 2001-173-C. DPI serves approximately 1026

customers in South Carolina on a prepaid basis. DPI's customer base consists primarily of low-income and credit-challenged members of minority communities. Service providers such as DPI provide one of the only avenues available to these consumers for residential telephone service.

2. Respondent, BellSouth Telecommunications ("BellSouth") is a Georgia corporation, with its principal place of business in Atlanta, Georgia. BellSouth provides local exchange telecommunications services in South Carolina pursuant to a certificate of public convenience and necessity issued by the Commission. BellSouth is an incumbent local exchange carrier ("ILEC"), as that term is defined in the Act.

SUMMARY OF COMPLAINT

3. DPI's complaint against BellSouth raises several issues. First, BellSouth has knowingly and consistently issued bills to DPI that are inflated and inaccurate, billed DPI for customers that are not DPI's, imposed late charges on sums that were not valid charges, double billed DPI customers, and created other billing-related errors.
4. Without justification, and despite the existence of valid, good faith billing disputes, BellSouth has also denied DPI access to the BellSouth systems that DPI requires to service its customers, in violation of the Parties' IA. Attachment 7, §1.7.2, BellSouth – Delta Phones, Inc. interconnection agreement states, in pertinent part:

“BellSouth reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the bill date in the month after the original bill date, BellSouth will provide written notice to Delta Phones that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment is not received by the fifteenth day following the date of the notice. . .”

5. In addition, BellSouth has consistently refused to provide DPI with the electronic billing data and systems access necessary to operate its business, thus increasing DPI's costs and hampering its ability to service and bill its customers. BellSouth has also used technician repair calls and visits as occasions to attempt to win back DPI customers, in violation of the interconnection agreement between the parties.
6. To date, BellSouth has overcharged or otherwise damaged DPI, in violation of the terms of the Agreement between the Parties, as well as the terms of the Act, the FCC's Local Competition Rules, and South Carolina Law, in the amount of approximately \$331,967.75, with damages escalating each month at the rates set forth herein. BellSouth claims that DPI currently owes it \$162,283.03 for services provided to DPI South Carolina customers. Therefore, at the current time, it is DPI's estimate that BellSouth owes DPI approximately \$169,684.72, plus interest and costs.

EXHAUSTION OF DISPUTE RESOLUTION

7. DPI has been unable to resolve these disputes after numerous and repeated good faith efforts to do so over the past several months. The Parties have exhausted the informal dispute resolution process as set forth in their IA. DPI has no other choice but to request that the Commission resolve these billing and business disputes between the parties.

JURISDICTION

8. This Commission has jurisdiction to interpret and enforce the terms of the Parties' Agreement, and to resolve all disputes raised herein, pursuant to 47 U.S.C. § 252 (e), 47 C.F.R. § 51.809, as well as the relevant sections of the SC Code, and the terms of

the IA executed between the Parties. §10 BellSouth – Delta Phones, Inc.

interconnection agreement states in pertinent part:

“Except as otherwise stated in this Agreement, if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the aggrieved Party shall petition the Commission for resolution of the dispute. However, each Party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.”

STATEMENT OF FACTS

9. DPI and BellSouth executed an Interconnection Agreement (“IA” or “Agreement”), together with various attachments incorporated therein on April 26, 2001. The Agreement was filed with the Commission, and was approved by Order of the Commission, in Docket No. 2001-0173-C.
10. The Agreement, as amended from time to time, provides the terms and conditions pursuant to which BellSouth provides services to DPI, said services which in turn are used to provision DPI’s end-user customers. Included in those service offerings are the provision of both resold services and provisioning via the unbundled network element platform (“UNE-P”). Various schedules in the Agreement list the monthly recurring and nonrecurring charges associated with resale and UNE-P provisioning.
11. In December of 2002, management changes at DPI resulted in a preliminary audit of DPI’s historic BellSouth carrier billing records. This preliminary audit exposed numerous, potentially significant billing errors associated with DPI’s BellSouth bills.
12. Throughout the month of January and the early part of February, 2003, DPI researched and filed Billing Adjustment Request Forms (Form RF1461) as required by BellSouth dispute procedures, disputing various charges that had been erroneously

assessed against it by BellSouth. In each and every instance, BellSouth denied DPI's disputes with little or no explanation. When pressed for more detail by DPI personnel, BellSouth was either unable or unwilling to provide the level of detail requested by DPI with respect to both the process and the rationale used by BellSouth in rejecting DPI's disputes.

13. Included within the disputes that DPI submitted to BellSouth, were over \$200,000 in claims relating BellSouth's improper assessment of call blocking/restriction ("CREX") charges on DPI accounts in connection with toll blocking services to DPI's low-income customers. Despite numerous attempts to secure information from BellSouth regarding the status or resolution of these disputes, BellSouth offered neither until April 25, 2003, when BellSouth representatives explained that a manager that BellSouth had fired for non-performance had lost the dispute data that DPI had submitted related to DPI's valid CREX disputes.
14. On February 14, 2003, DPI notified BellSouth in writing that it had established sufficient factual evidence to support disputes for all or various portions of its carrier bills from BellSouth. (See **Exhibit A.**) That notice served as a further notice of dispute and request for escalation of said disputes under the terms of the Agreement between DPI and BellSouth.
15. Between February and May of 2003, through email communications, letters and conference calls, the Parties attempted to resolve the matters that DPI had raised in its notice of dispute, and in additional disputes that were raised as DPI's internal audit progressed. During this same time period, DPI engaged the services of nationally recognized revenue assurance and billing reconciliation consultants, in an attempt to

calculate as closely as possible the exact amounts due and owing between the Parties under their IA.

16. On April 25, 2003, DPI representatives met with BellSouth representatives in an attempt to work through numerous significant instances of overbilling that DPI's preliminary bill audit had uncovered. At that meeting, BellSouth and DPI representatives outlined all of the issues of dispute between the Parties, and BellSouth committed to expediting the resolution of DPI's disputes. BellSouth also committed to providing DPI with detailed explanations regarding the process by which it evaluated and determined disputes, as well as more explicit detail on the specific resolution of DPI's disputes. BellSouth also committed to providing DPI with electronic billing data to allow DPI to bill for carrier access charges.
17. To date, very little additional detail has been provided regarding either the processes or the resolution of DPI's disputes. In addition, BellSouth has been either unable or unwilling to provide DPI with access to the electronic billing data that DPI requires in order to bill for, among other things, interexchange access charges for long distance calls to and from DPI's customers.
18. At the time of the April 25, 2003 meeting, BellSouth representatives also informed DPI that the BellSouth representative that had been in charge of certain aspects of DPI's disputes had been terminated due to his gross mismanagement of DPI's (and other carriers') disputes. As a result of this mismanagement, DPI disputes totaling over \$200,000 were lost. DPI was not notified of this situation until more than 2 ½ months after the disputes had originally been submitted. Once the disputes were re-submitted, over 95% of them were allowed by BellSouth, without interest for the lost

time associated with BellSouth mismanagement, and without credit for any late charges that were assessed for sums legitimately withheld by DPI during its good faith pursuit of these valid disputes.

19. On other occasions, BellSouth has “inadvertently misplaced” or “lost” the information that DPI has submitted to BellSouth in support of our billing disputes. BellSouth recently lost another set of dispute data, and rather than admit its mistake and seek to rectify the situation amicably, BellSouth stated that if it did not receive duplicate data within a short time frame, that it would automatically deny any disputes which are based upon the data. This attitude is characteristic of the manner in which BellSouth has treated DPI throughout the course of the dispute process, leaving DPI with no choice but to file this Complaint.
20. On May 9, 2003, after DPI had submitted and escalated multiple disputes worth hundreds of thousands of dollars, BellSouth summarily rejected all of DPI’s disputes, without any detail regarding the reason or the process for the rejections.
21. On May 16, 2003, BellSouth denied DPI access to the electronic interfaces that allow DPI to serve its customers. As a result, DPI is no longer able to service its customers. This action on the part of BellSouth, during the existence of valid disputes, has exposed DPI to significant liability for both slamming complaints and charges for customers that DPI has been unable to disconnect for non-payment of their bills. To date, BellSouth has been unwilling to provide DPI with either a manual or electronic solution to these problems.

22. On May 29, 2003, BellSouth notified DPI that it must pay all outstanding invoices, or face the disconnection of its customers. For the state of South Carolina, the amount claimed by BellSouth is \$162,283.03. (See Exhibit B.)
23. Throughout the entire interconnection agreement relationship between BellSouth and DPI, DPI has not once been treated as a customer. In every instance, it has been treated as a competitor. In no instance was this more evident than when DPI had the audacity to challenge the accuracy of its BellSouth carrier bills. The conduct BellSouth has consistently exhibited would never be tolerated in a truly competitive industry, and has resulted in hundreds of thousands of dollars in damages to DPI.

ISSUES

I. BellSouth has Improperly Billed DPI for Charges Following Customer Disconnect

24. Based upon DPI's analysis of the BellSouth billing records and DPI's own internal ordering and provisioning data, there are a significant number of customers for whom DPI has continued to receive bills from BellSouth, after those customers have been ordered disconnected by DPI personnel. These disputes have been submitted to BellSouth, who has rejected them without a complete evaluation of the service and billing records associated with them. DPI has escalated these disputes on multiple occasions for further explanation and resolution. *The amount in dispute for this issue at the time of the filing of this complaint is \$5,749.77*

**II. BellSouth Has Improperly Billed DPI for Charges
Associated with non-DPI Customers**

25. There are significant disputes that DPI has raised with BellSouth regarding customers billed as DPI customers by BellSouth, even though these end users are not customers of DPI. These disputes have been submitted to BellSouth, who has rejected them without a complete evaluation of the service and billing records associated with them. DPI has escalated these disputes on multiple occasions for further explanation and resolution. *The amount in dispute for this issue at the time of the filing of this complaint is \$23,830.69.*

III. BellSouth Has Improperly Calculated & Assessed Zone Charges

26. DPI has been improperly billed for charges related to the calculation of rates for calls between different calling zones. In the hope of resolving this dispute, DPI escalated this issue and submitted it to the Representative that BellSouth provided at the April 25, 2003 dispute meeting between the Parties.
27. In response to DPI's escalation, the BellSouth Representative sent an email to DPI with a link to a web site that contained general information regarding calling zones.
28. As DPI's disputes related to BellSouth miscalculating and overcharging for these calling zone charges, this information was irrelevant to DPI's disputes.
29. Without reviewing any of the account specific information related to the disputes submitted by DPI, the BellSouth Representative summarily rejected all of DPI's disputes on this issue. DPI has escalated these disputes on multiple occasions for further explanation and resolution. *The amount in dispute for this issue at the time of the filing of this complaint is \$464.04. At the current rate of growth, this issue will increase at a rate of approximately \$100.00 per month.*

**IV. BellSouth Has Improperly “Double-Billed”
DPI Customers as Both Resale and UNE-P**

30. DPI has encountered numerous instances where BellSouth has charged DPI for customers both under the resale and UNE-P rate schedules during the same billing cycle, resulting in a double billing of DPI customers. These disputes have been submitted to BellSouth, who has rejected them without a complete evaluation of the service and billing records associated with them. In addition, BellSouth has consistently failed to provide any detail regarding either the process or the data that has been used to determine these disputes. DPI has escalated these disputes on multiple occasions for further explanation and resolution. *Since DPI only has paper bills in its possession, the amount in dispute for this issue at the time of the filing is too labor intensive to calculate. At the present time, it is unknown what the rate of growth for this issue will be.*

V. BellSouth Has Misapplied CREX Credits

31. Since the inception of its interconnection agreement with BellSouth, DPI has been improperly assessed charges for toll blocking services to its low-income customers. Due to failures and deficiencies in BellSouth’s systems, it is necessary for DPI to submit disputes for each of its customers on a monthly basis for these improperly assessed charges.
32. In early January 2003, DPI submitted disputes for these improper charges in excess of \$200,000. Despite numerous attempts to gain information regarding the processing of these disputes, DPI received neither credits nor information as to the status of these disputes. It was not until April 25, 2003 that BellSouth informed DPI that it had terminated the employee that had been managing these disputes for non performance,

and informed DPI that the dispute information that DPI had submitted had been lost, requiring DPI to resubmit these disputes.

33. Once DPI re-submitted the information that BellSouth had lost, credits were issued in over 95% of the disputes submitted by DPI. However, these credits were not applied to the outstanding bills that DPI had with BellSouth. At BellSouth's election, it unilaterally determined that the credits for historic disputes dating to January 2003, and for services improperly billed since 2002, would be applied to future invoices.

This misapplication of CREX credits has resulted in a current dispute in the amount of \$229,452.03. Each month, these improper billings increase in proportion to the number of customers that DPI has in the state of South Carolina.

VI. BellSouth has Failed to Provide Electronic Billing Records to DPI

34. Despite numerous formal requests for electronic billing records with which to bill its customers, BellSouth has consistently refused or been unable to provide said electronic billing records to DPI, in violation of the IA between the Parties. As a result, DPI has been unable from a practical perspective to issue accurate and timely bills to its customers for the services that it provides using BellSouth's facilities. Attachment 7, §1.1.2, BellSouth – Delta Phones, Inc. interconnection agreement states, in pertinent part:

“If either Party requests multiple billing media or additional copies of bills, the Billing Party will provide these at a reasonable cost.”

35. Currently, DPI is required to translate thousands of pages of paper billing records each month in order to accurately bill the thousands of customers that it serves. The inability or refusal of BellSouth to provide said electronic billing records has resulted

in significant damage to DPI's business, and is a direct violation of federal and state telecommunication regulations, as well as, the IA agreements between the parties. DPI has escalated these disputes on multiple occasions for further explanation and resolution without success.

VII. BellSouth Has Failed to Provide DPI with ADUF Billing Records

36. DPI began the migration of its customers from a resale to a UNE-P basis beginning in the 1st Quarter of 2003. As a result of this conversion, DPI is now technically capable of collecting carrier access charges for long distance calls to and from its customer's telephone lines, if it can access electronic versions of BellSouth's Carrier Access Billing data, which BellSouth calls its Access Daily Usage Feed ("ADUF") data. This issue was raised by DPI during the Parties' April 25, 2003 dispute meeting, where BellSouth committed to expediting DPI's access to all electronic versions of the ADUF records.
37. However, despite numerous requests by DPI, BellSouth has been either unable or unwilling to provide the ADUF data that DPI requires in order to bill inter-exchange carriers for these calls.
38. To date, BellSouth has only been able to provide DPI with paper copies of ADUF records, making it impossible for a company with more than a thousand customers in South Carolina to bill for these charges.
39. DPI is now in a position where it must expend considerable time and resources in an attempt to recover these charges from interexchange carriers, several months after the fact, raising the likelihood that DPI will not be able to collect the full amount that is due from these carriers. As a result of this violation of the terms of the

interconnection agreement between the parties, DPI has been unable to collect these revenues, resulting in significant and ongoing damage to DPI's business. DPI has escalated these disputes on multiple occasions for further explanation and resolution without success. **The amount in dispute for this issue at the time of the filing of this complaint is \$68,175.00. At the current rate of growth, this issue will increase at a rate of approximately \$13,635.00 per month.**

**VIII. BELLSOUTH HAS MADE IMPROPER CONTACT
WITH DPI CUSTOMERS**

40. BellSouth personnel have used every opportunity to deter DPI customers from taking service from DPI. Attachment I, §3.5, BellSouth – Delta Phones, Inc. interconnection agreement states, in pertinent part:

“Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.”

41. On numerous occasions, BellSouth technicians have attempted to convince DPI customers to either not take service from DPI or to leave DPI, by stating that DPI does not have the ability to provide the Customer service. In addition, DPI's BellSouth service records indicate numerous circumstances where DPI customers were illegally directed to BellSouth, in violation of the signed Letters of Authority that DPI customers had executed, and in violation of the terms of state and federal telecommunication regulations. Attachment I, §3.5.2, BellSouth – Delta Phones, Inc. interconnection agreement states, in pertinent part:

“BellSouth and Delta Phones will refrain from contacting subscribers who have placed or whose selected carrier has placed on their behalf an order to change his/her service provider from BellSouth or Delta Phones to the other party until such time that the order for service has been completed.”

42. It is not currently possible to calculate the financial impact that BellSouth's conduct has had on DPI. However, preliminary indications are that the damage could be considerable.

IX. BellSouth has Improperly Assessed Late Charges to DPI

43. Throughout the course of the Parties' interconnection agreement, BellSouth has consistently over billed DPI for various services and charges that were not warranted. As a result of these overbillings, DPI withheld payment of its inflated carrier bill in full at the time they were due. BellSouth knew or should have known that its billing systems were inaccurate and likely to result in an overbilling situation for a carrier such as DPI. In spite of this, BellSouth assessed DPI late charges on its account and has consistently refused to credit said late charges to DPI's accounts. DPI has escalated these disputes for further explanation and resolution. *The amount in dispute for this issue at the time of the filing of this complaint is \$4,566.22.*

X. BellSouth Has Refused to Remove RSCP Blocks

44. Since May 16, 2003, when DPI was disconnected from BellSouth ordering and provisioning systems, DPI has been unable to manage any aspect of its customer relationship having anything to do with BellSouth systems. This has resulted in DPI being unable to remove reseller local service provider change prohibited ("RSCP") Blocks, which were placed on DPI customer accounts pursuant to the Letters of Authority ("LOAs") that were executed when DPI customers signed up for service. This in turn has resulted in instances where DPI customers have lodged complaints with both carrier and Commission personnel claiming that DPI has slammed them. DPI has also received numerous complaints from competitive carriers complaining

about their inability to migrate DPI customers to their companies due to the presence of the RSCP Blocks on the DPI customer lines.

45. DPI has raised this issue on numerous occasions with BellSouth account representatives, but BellSouth has been either unable or unwilling to assist DPI in the removal of the RSCP Blocks.
46. The refusal or inability to remove the blocks has exposed DPI to significant potential liability for slamming complaints in the State of South Carolina and across the entire BellSouth service territory. BellSouth's actions have also caused significant harm to the nascent competitive local telecommunication market in South Carolina and denied competitive choice to the group of customers that DPI serves, which are those with the least number of competitive alternatives in the first place. *The amount in dispute for this issue at the time of the filing of this Complaint is unknown. At the current rate of growth, the potential liability for this issue will increase in proportion to the number of potential complaints.*

XI. BellSouth Has Improperly Refused to Allow DPI to Disconnect Customers

47. Since May 16, 2003, when BellSouth disconnected DPI from the BellSouth ordering and provisioning systems, DPI has been unable to disconnect its customers for issues such as non-payment of customer bills or migration. During this period, DPI has repeatedly requested BellSouth for either an automated or manual method for performing this vital task. As a result of BellSouth's inability or refusal to allow DPI to disconnect customers, DPI is now exposed to potentially significant financial harm from non-paying customers. *The amount in dispute for this issue at the time of the filing of this Complaint is unknown. At the current rate of growth, this issue will*

increase in proportion to the number of customers that should have been disconnected for nonpayment.

RELIEF REQUESTED

WHEREFORE, for the foregoing reasons, DPI respectfully requests that the Commission:

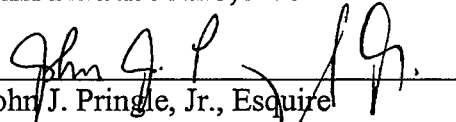
- 1) Institute an investigation of the issues raised herein;
- 2) Enjoin BellSouth from disconnecting DPI customers pending resolution of this dispute¹;
- 3) Require BellSouth to immediately restore electronic ordering and account management capabilities to DPI;
- 4) Require BellSouth to immediately remove all RSCP blocks on DPI customer accounts so that customers may be allowed to switch to other carriers;
- 5) Require that BellSouth immediately institute an electronic process for the disconnection of customers;
- 6) Require that a total account by account, USOC by USOC audit of all DPI customer accounts be performed, by a neutral third party, to determine the precise amount that should be credited to DPI and paid to BellSouth;
- 7) Require that BellSouth waive all charges associated with those DPI customers that DPI cannot disconnect, accruing from the date BellSouth denied DPI access to manual and electronic customer account management systems;

¹ The Kentucky Public Service Commission issued an Order on June 24 2003 enjoining BellSouth from disconnecting service to DPI's Kentucky customers and ordering the parties to take part in an informal conference with Kentucky Commission Staff. A copy of the Kentucky Public Service Commission Order is attached hereto as Exhibit Three.

- 8) Require that BellSouth immediately cease and desist from any and all activities that attempt to solicit DPI customers, pursuant to the terms of the IA between the Parties;
- 9) Require that BellSouth refund all amounts that DPI has overpaid, plus interest at the rate established in the Parties' Interconnection Agreement; and
- 10) Grant such other relief as the Commission deems just and reasonable.

Respectfully Submitted:

DELTA PHONES, INC.


John J. Pringle, Jr., Esquire
ELLIS, LAWHORNE & SIMS, P.A.
P.O. Box 2285
Columbia, SC 29202
(803) 779-0066
jpringle@ellislawhorne.com

June 26, 2003

Exhibit A



Mr. James Dunn
BellSouth Communications

February 14, 2003

Dear Mr. Dunn,

This letter is a response to your recent communications regarding the below listed disputed charges on Delta Phones customer accounts with BellSouth. In reviewing the BellSouth interconnection and billing adjustment request form (RF 1461), Delta Phones disputes the resolution which BellSouth has offered. In item 33 of the above mentioned forms, the explanation that BellSouth offered for denying the requested adjustments is summary in nature and does not appear to respond to the specific disputes raised by Delta Phones, Inc.

Whatever investigation was undertaken with respect to Delta phones customers, it is apparent that it was cursory in nature, and insufficient to satisfy the disputes that Delta Phones has raised. In conformity with the terms and conditions of our Interconnection Agreement, Delta Phones has provided BellSouth with ample written support for its position on the disputed accounts. Pursuant to the terms of Attachment 7 §2.1 and the General Terms and Conditions of the Interconnection Agreement between BellSouth and Delta Phones, Inc., Delta Phones requests that all disputed charges which BellSouth has denied on the following accounts, be escalated to the highest level possible, in order to ensure the prompt and appropriate resolution of these matters. The disputes in question relate to Carrier Claim/Audit Numbers:

1003	1027	1044	1061
1007	1031	1047	1063
1011	1035	1050	1065
1015	1036	1054	1069
1019	1038	1056	1071
1023	1041	1058	1076

Should you have any questions regarding this response, please do not hesitate to contact me.

Respectfully,
Rhonda Walters
Account Manager

Exhibit B

BELLSOUTH

BellSouth Accounts Receivable Management, Inc.
Wholesale
1 Chase Corporate Center
Suite 300
Birmingham, AL 35244

Gary D. Patterson
Operations Assistant Vice President

May 29, 2003

Delta Phones, Inc.
Attention: Mr. Richard Talon, President
245 Illinois Street
P.O. Box 784
Delhi, Louisiana 71232

PLEASE REMIT PAYMENT TO:
BellSouth Network & Carrier Services
250 Williams Street
Suite 5010 NW
Atlanta, Georgia 30303

Dear Mr. Talon:

Attempts to collect past due amounts from Delta Phones have been unsuccessful and to date full payment has not been received. All accounts are currently in default in the amount of \$2,221,869.53 and subject to disconnection. A breakdown of these accounts is \$353,085.80 in Alabama, \$29,995.51 in Florida, \$890,729.71 in Louisiana, \$279,965.62 in Kentucky, \$38,680.85 in Mississippi, \$403,386.22 in Tennessee, \$63,742.79 in North Carolina, and \$162,283.03 in South Carolina. Pursuant to the Resale Agreement between BellSouth Telecommunications, Inc. and Delta Phones, Inc. consider this letter written notice that BellSouth will proceed with the discontinuance of existing services in Alabama, Florida, Louisiana, Kentucky, Mississippi, Tennessee, North Carolina, and South Carolina on June 23, 2003. Pursuant to the Agreement, it is Delta Phones' responsibility to notify its end users of this impending disconnection.

In order to continue services, Delta Phones must pay, in immediately available funds, the present undisputed balance in the sum of \$2,221,869.53 to BellSouth. In order to prevent disconnection of services in Alabama, Delta Phones must pay \$353,085.80. In order to prevent disconnection of services in Florida, Delta Phones must pay \$29,995.51. In order to prevent disconnection of services in Louisiana, Delta Phones must pay \$890,729.71. In order to prevent disconnection of services in Kentucky, Delta Phones must pay \$279,965.62. In order to prevent disconnection of services in Mississippi, Delta Phones must pay \$38,680.85. In order to prevent disconnection of services in Tennessee, Delta Phones must pay \$403,386.22. In order to prevent disconnection of services in North Carolina, Delta Phones must pay \$63,742.79. In order to prevent disconnection of services in South Carolina, Delta Phones must pay \$162,283.03. Also, payments are expected for any current bills that may become due. If service is interrupted, full non-recurring charges will be applicable to reestablish service.

If you have questions regarding your account, please contact the Billing Operations Manager, Leisa Mangina, at (205) 714-7359.

Sincerely,



Exhibit C

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO A BILLING)	
DISPUTE BETWEEN DELTA)	CASE NO. 2003-00243
PHONES, INC. AND BELL SOUTH)	
TELECOMMUNICATIONS, INC.)	

O R D E R

BellSouth Telecommunications, Inc. ("BellSouth") is a corporation providing telephone service to the public for compensation, and is a utility within the meaning of KRS 278.010(3). Delta Phones, Inc. ("Delta Phones") is also a utility, and a competitive local exchange carrier ("CLEC") serving approximately 1,537 customers in Kentucky.

On June 10, 2003, BellSouth provided the Commission with advance notice of its intent to disconnect Delta Phones for non-payment. According to BellSouth, Delta Phones is delinquent in payment of its bills to BellSouth in the amount of \$2,221,869.53.¹ BellSouth requests authorization to invoke the Emergency Service Continuity Tariff filed with this Commission on June 10, 2003.²

¹ According to BellSouth, this figure represents the amount owed for services throughout the entire BellSouth region; \$279,965.62 is the amount owed for services in Kentucky.

² File Number T 64-0774. This tariff would allow BellSouth to provide telephone service to Delta Phones' customers for a minimum of 14 days after Delta Phones ceases to operate. This tariff was approved on May 20, 2003 in Public Service Commission Case No. 2002-00310.

On June 23, 2003, the Commission received a letter from Delta Phones alleging that BellSouth owes Delta Phones approximately \$744,000 and that BellSouth refuses to apply the amount owed to Delta Phones' outstanding account. According to its letter, Delta Phones intends to file a formal complaint against BellSouth containing multiple counts of billing and provisioning abuses.

KRS 278.260(1) grants the Commission original jurisdiction over complaints involving the rates or service of any utility. This statute further provides that, upon receipt of a written complaint that utility service is inadequate or cannot be obtained, the Commission must investigate the matter as it deems necessary or convenient.³ Also, because Delta Phones characterizes this matter as a dispute about the meaning of the parties' Interconnection Agreement, the Commission has jurisdiction over this matter pursuant to the Telecommunications Act of 1996.

Implementation of BellSouth's Emergency Service Continuity Tariff requires Commission determination that a CLEC has effectively abandoned its customers or that some other emergency exists that would justify the tariff's implementation. In light of the allegations contained in Delta Phones' letter of June 23, 2003, the Commission finds that the current circumstances do not appear to justify implementation of BellSouth's tariff. Instead, pursuant to KRS 278.260(1), the Commission finds it necessary to investigate the billing dispute between BellSouth and Delta Phones.

³ KRS 278.260(1).

The Commission, having reviewed the filings made by BellSouth and Delta Phones, and being otherwise sufficiently advised, HEREBY ORDERS that:

1. BellSouth shall not disconnect service to Delta Phones' Kentucky customers for a period of 10 days after the date of this Order.
2. Representatives from BellSouth and Delta Phones shall participate in an informal conference with Commission Staff to be held via telephone on June 26, 2003 at 2:00 p.m., Eastern Daylight Time.
3. BellSouth's letter of June 10, 2003 and Delta Phones' letter of June 23, 2003, appended hereto as Appendix A and Appendix B, respectively, are made a part of the record of this proceeding.

Done at Frankfort, Kentucky, this 24th day of June, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00243 DATED June 24, 2003



BellSouth Telecommunications, Inc. 502-582-2167
 4th Floor FAX 502-502-0607
 601 W. Chestnut Street
 Louisville, KY 40203
 Joan.Coleman@bellsouth.com

Joan A. Coleman
 Vice President
 Regulatory & External Affairs

June 10, 2003

Thomas M. Dorman
 Executive Director
 Kentucky Public Service Commission
 211 Sower Boulevard
 P. O. Box 615
 Frankfort, Kentucky 40602-0615

Dear Mr. Dorman:

Pursuant to the Kentucky PSC's May 20, 2003 order in KY PSC Case No. 2002-0310, BellSouth is providing advance notice to the Kentucky Public Service Commission (PSC) of BellSouth's intent to disconnect Delta Phones, Inc. for non-payment.

BellSouth's records indicate that Delta Phones, Inc. is delinquent in payment of its bills to BellSouth in the amount of \$2,221,869.53. Of this amount, \$279,965.62 is overdue for services provided in Kentucky to Delta Phones, Inc. Attempts to collect past due amounts from Delta Phones, Inc. have been unsuccessful. BellSouth made numerous written notifications to Delta Phones, Inc. informing them of BellSouth's intent to suspend or terminate services consistent with the terms and conditions of Section 1.7 of Attachment 7 of the Interconnection Agreement between Delta Phones, Inc and BellSouth. Attached is BellSouth's last written notice to Delta Phones, Inc. On or about June 24, 2003, BellSouth will begin to discontinue services provided to Delta Phones, Inc. if payments are not received by June 23, 2003. Disconnection of Delta Phones, Inc. services will impact approximately 1,537 of its Kentucky customers. ✓

Under terms of their Interconnection Agreement, Delta Phones, Inc. is solely responsible for notifying its end users of the proposed service disconnection. BellSouth is copying Delta Phones, Inc. to remind them of their obligation to notify their end users of this situation regarding pending disconnection of services.

Should the Commission determine the need to invoke BellSouth's Emergency Service Continuity Tariff, BellSouth will take steps to notify the affected end users and inform them that they may continue to receive telecommunications services through The

Emergency Services Continuity Plan for a minimum of fourteen (14) days and that the end user must transition to a new service provider.

Should you or the staff have any questions concerning this filing or need additional information, Mike Hayden, of my staff, is familiar with this matter and can be reached on (502) 582-8180.

Very truly yours,

Joan A. Coleman

cc: Delta Phones, Inc.

Attachment

May 29, 2003

Delta Phones, Inc.
 Attention: Mr. Richard Talon, President
 245 Illinois Street
 P.O. Box 784
 Delhi, Louisiana 71232

PLEASE REMIT PAYMENT TO:
 BellSouth Network & Carrier Services
 250 Williams Street
 Suite 5010 NW
 Atlanta, Georgia 30303

Dear Mr. Talon:

Attempts to collect past due amounts from Delta Phones have been unsuccessful and to date full payment has not been received. All accounts are currently in default in the amount of \$2,221,869.53 and subject to disconnection.

A breakdown of these accounts is \$353,085.80 in Alabama, \$29,995.51 in Florida, \$890,729.71 in Louisiana, \$279,965.62 in Kentucky, \$38,680.85 in Mississippi, \$403,386.22 in Tennessee, \$63,742.79 in North Carolina, and \$162,283.03 in South Carolina. Pursuant to the Resale Agreement between BellSouth Telecommunications, Inc. and Delta Phones, Inc. consider this letter written notice that BellSouth will proceed with the discontinuance of existing services in Alabama, Florida, Louisiana, Kentucky, Mississippi, Tennessee, North Carolina, and South Carolina on June 23, 2003. Pursuant to the Agreement, it is Delta Phones' responsibility to notify its end users of this impending disconnection.

In order to continue services, Delta Phones must pay, in immediately available funds, the present undisputed balance in the sum of \$2,221,869.53 to BellSouth. In order to prevent disconnection of services in Alabama, Delta Phones must pay \$353,085.80. In order to prevent disconnection of services in Florida, Delta Phones must pay \$29,995.51. In order to prevent disconnection of services in Louisiana, Delta Phones must pay \$890,729.71. In order to prevent disconnection of services in Kentucky, Delta Phones must pay \$279,965.62. In order to prevent disconnection of services in Mississippi, Delta Phones must pay \$38,680.85. In order to prevent disconnection of services in Tennessee, Delta Phones must pay \$403,386.22. In order to prevent disconnection of services in North Carolina, Delta Phones must pay \$63,742.79. In order to prevent disconnection of services in South Carolina, Delta Phones must pay \$162,283.03. Also, payments are expected for any current bills that may become due. If service is interrupted, full non-recurring charges will be applicable to reestablish service..

If you have questions regarding your account, please contact the Billing Operations Manager, Leisa Mangina, at (205) 714-7359.

Sincerely,

Original signed by Gary Patterson

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00243 DATED June 24, 2003

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DELTA PHONES, INC.

Complainant.

v.

BELLSOUTH TELECOMMUNICATIONS,
INC.

Respondent.

DOCKET NO. _____

CERTIFICATE OF SERVICE

IN RE: Interconnection Agreement negotiated by BellSouth Telecommunications, Inc. and Delta Phones, Inc., Pursuant to Sections 251, 252 and 271 of the Telecommunications Act of 1996

This is to certify that I have caused to be served this day, one copy the **Complaint** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Patrick Turner, Esquire
BellSouth Telecommunications, Inc.
PO Box 752
Columbia SC 29202-0752


Carol Roof

June 26, 2003

Columbia, South Carolina

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SC PUBLIC SERVICE
COMMISSION



June 21, 2003

Mr. Thomas Dorman
Executive Director
Kentucky Public Service Commission

VIA FACSIMILE: 502-564-7279

RE: Delta Phones v. BellSouth disconnection issue

Dear Mr. Dorman:

I am writing with respect to any concerns that the Kentucky Public Service Commission may have over the billing dispute between Delta Phones, Inc. and BellSouth Communications, and its potential impact on Delta Phones' subscribers. I would appreciate the ability to discuss this matter with you, and look forward to working with the Commission to overcome the significant issues that confront our companies as we work through our disputes.

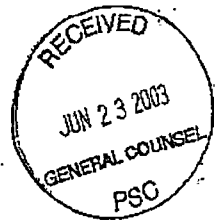
Just so that you are aware, Delta Phones, Inc. plans to file a formal complaint containing multiple counts of billing and provisioning abuses against BellSouth this coming week. It is our hope that the Commission will be able to assist the Parties in the expeditious resolution of those issues, so that the companies can resume a mutually profitable relationship.

In the interim, there is a significant concern that current Delta Phones' customers not lose service from the carrier that they have chosen, during the litigation of this complaint. For a number of different reasons, it is completely inappropriate for the Commission to allow BellSouth to switch any Delta Phones customers under any circumstances. In the first place, BellSouth has improperly converted a \$544,000 Letter of Credit, and then failed to apply it to any outstanding amounts. Second, BellSouth has acknowledged that it owes Delta Phones over \$200,000 for CREX credits that it has refused to apply to outstanding amounts. Finally, under the terms of the Interconnection Agreement between the Parties, BellSouth can only disconnect Delta Phones' customers if Delta Phones has not paid or disputed any outstanding amounts. Delta Phones-BellSouth Interconnection Agreement, Attachment 7, §1.7.2 states, in pertinent part:

"BellSouth reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the bill date in the month after the original bill date, BellSouth will provide written notice to Delta Phones that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment is not received by the fifteenth day following the date of the notice. . ."

Delta Phones has raised valid, bona fide disputes valued in the millions of dollars. Therefore, Delta Phones is hereby requesting that the Commission require BellSouth to cease and desist from any and all activities associated with the disconnection, migration or other disturbance of the telecommunications services of current Delta Phones' customers from Delta Phones.

Delta Phones, Inc.
P.O. Box 784
Delhi, LA 71232
800-814-8623
www.deltaphones.com



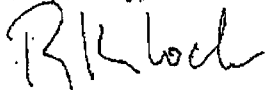
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p. 2

From the facts before you, it is clear that BellSouth has in its possession almost \$800,000 of Delta Phones' money that it has refused to apply to outstanding accounts, in order to force the company out of business. As such, there is no justification to disconnect or move any Delta Phones' customers, as all outstanding invoices have either been paid in full, or are the subject of legitimate, good faith disputes.

I am available to discuss any aspect of this matter, and look forward to working with the Kentucky Public Service Commission to resolve the issues before us. I can be reached at 866-824-8328.

Respectfully,



Robert K. Lock
On Behalf of
Delta Phones, Inc.

Cc: Richard Tolan



Delta Phones, Inc.
P.O. Box 784
Delhi, IA 51232
800-814-8623
www.deltaphones.com